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# Viewing cable 09MOSCOW1346, RUSSIA AND THE ARCTIC: POLICY AND COMPETING VOICES

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- The middle box contains the header information that is associated with the cable. It includes information about the receiver(s) as well as a general subject.
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Reference ID	Created	Released	Classification	Origin
<u>09MOSCOW1346</u>	<u>2009-05-26 11:41</u>	<u>2011-08-30 01:44</u>	<b>CONFIDENTIAL</b>	Embassy Moscow

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C O N F I D E N T I A L SECTION 01 OF 04 MOSCOW 001346

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E.O. 12958: DECL: 05/20/2019 TAGS: PREL PGOV ENRG SENV RS

SUBJECT: RUSSIA AND THE ARCTIC: POLICY AND COMPETING VOICES

REF: A. MOSCOW 1115 ¶B. MOSCOW 842 ¶C. VLADIVOSTOK 10 1D. MOSCOW 1281

<u>¶</u>E. MOSCOW 1242 ¶F. MOSCOW 652

Classified By: Political M/C Alice G. Wells for Reasons 1.4 (b) and (d)

Summary

(C) In March, Medvedev approved Russia's long-delayed Arctic policy. It defined the region as Russia's strategic energy reserve, called for its promotion as a transportation corridor, and sought to balance cooperation with the country's security needs. The policy itself reflects competing voices within the GOR, with security officials emphasizing the deployment of Federal Security Service (FSB) forces and the Russian Foreign Ministry calling for cooperation (although the GOR remains universally allergic to NATO's presence in the region). The State Duma is now considering a draft law on managing the Northern Sea Route and the new policy supports additional FSB coast guard and coastal stations to monitor the expected increase in sea lane traffic. The GOR continues to abide by its commitments under UNCLOS, although Presidential Envoy Chilingarov has called for Russian withdrawal, if the states parties do not agree to Russia's territorial claims. The GOR is ambivalent on global warming, seeing both positive and negative effects from the melting Arctic ice. Analysts discount the near-term viability of the Arctic as a major source for commercially feasible hydro-carbons, and point out that there are more easily accessible fields that Russia has not yet exploited. Joint U.S. and Russian efforts in the Arctic could encourage Russian moderates to pursue cooperation, rather than competition, in the region, with the MFA already proposing some specific projects. End Summary.

Russia Defines Its Arctic Interests, Finally

12. (SBU) On March 27, the GOR released its long-delayed ""Foundations of the Russian Federation National Policy in the Arctic Until 2020 and Beyond."" President Medvedev chartered the policy September 17, 2008 at a special meeting of the Russian Security Council on Franz-Josef Land (the northernmost Russian territory in the Arctic Ocean). Originally scheduled for release in December 2008, the policy presented the four fundamental national interests of the GOR in the Arctic: its use as a strategic resource base, the preservation of peace and cooperation in the Arctic, the protection of the region's unique ecology, and the establishment of the Northern Sea Route as ""exclusive"" to the GOR.

Transport and Energy

13. (SBU) Behind Russia's policy are two potential benefits accruing from global warming: the prospect for an (even

seasonally) ice-free shipping route from Europe to Asia, and the estimated oil and gas wealth hidden beneath the Arctic sea floor. The shipping route would reduce the distance of a voyage from Europe to Asia by 40 percent (if compared to a route through the Suez Canal). These savings in shipping costs to Russia and to Europe are potentially huge, even if the voyage could only be made in the summer months. Artur Chilingarov, Arctic explorer, State Duma member, and the President's Envoy for Cooperation in the Arctic, with the support of Medvedev's administration, has put forward draft legislation that would establish a new regulatory body, ""the Administration for the Northern Sea Route," for oversight, management, navigation, and ecological protection. The current draft defines the route as located in ""the internal waters, territorial sea, or exclusive economic zone of the Russian Federation." However, some Russian shippers at a conference held by the Carnegie Moscow Center October 2008 pointed out that short windows of good weather, the presence of unpredictable ice flows, and the lack of logistical and

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emergency response support would conspire to make the cost of insurance for the Northern Sea Route unfeasible.

(SBU) The Arctic region, both within Russia's legally clarified borders and in areas beyond, likely holds vast untapped resources of oil and gas. While many Russian analysts are skeptical that any of these resources will be economically exploitable in the near future, the Russian leadership wants to secure sovereignty over these ""strategic"" resources. resources. Many analysts point to the fact that Russia has not yet begun to exploit much more accessible potential resources on its territory. Gazprom's plans, for example, to develop new gas fields in the Yamal peninsula have been pending for years. Furthermore, those development plans will likely move much more slowly than had been previously anticipated, given currently declining gas demand in the region and an extremely tight financing environment. The Shtokman gas field in the Barents Sea, even given recent movements toward its development, will likely not produce gas until about 2020. Developments further afield in Arctic territory would likely not materialize, if ever, for many decades. Russia would need many tens of billions of dollars of investment, both in development and in related infrastructure, and would need new technologies, which Russia would seek from potential foreign partners. Finally, gas or oil from the Arctic would have to compete on world markets with other oil and gas sources as well as other non-hydrocarbon sources.

#### Environmental Concerns

15. (SBU) State Duma Foreign Affairs Committee Chair Konstantin Kosachev told CODEL Levin April 15, that climate change ""was not a matter of any concern,"" and added that it may work to Russia's advantage by reducing the cost of transportation and easing access to petroleum resources in the far north (Ref A). Despite potential economic benefits, influential voices in the Russian scientific community disagree with Kosachev, acknowledging that climate change also poses a danger. A November 2008 report on climate change by Russia's Federal Hydrometeorological Service (Roshydromet) noted that the minimum seasonal level of Arctic sea ice has receded by 9 percent per decade since satellite observations began in 1979; in September 2007, the ice cover reached the lowest level ever recorded (Ref B) Roshydromet noted that climate change affected the Arctic region disproportionately compared to lower latitudes. The habitat of such threatened species as the polar bear have especially suffered. Warming could increase the spread of certain vector-borne diseases, negatively affecting human health. Large-scale permafrost melting threatens Russian cities, such as Yakutsk, whose foundations are built on permafrost (Ref C).

U.S.-Russia Cooperation

16. (SBU) In light of environmental concerns, the GOR supports cooperation on environmental programs with the United States and the other Arctic littoral countries. Through the Arctic Council, Russian Arctic indigenous communities are cooperating with the U.S. Environmental Protection Agency (EPA) on pollution remediation programs; the U.S. National Oceanic and Atmospheric Administration (NOAA) is cooperating with Roshydromet on climate monitoring programs in the Arctic. On April 17, the MFA approached the Embassy to request cooperation on a wide range of long-stalled Bering Strait initiatives, including nature protection, oil and gas exploration, and sea shipping and transport (Ref D).

### Competing Voices

17. (C) While now official policy, both during its long deliberation and following its announcement, voices within the GOR have given contradictory signals on what Russia wanted in the policy and what was meant by it. State Duma Deputy Chilingarov called for Russia to withdraw from the 1982 UN Convention on the Law of the Sea (UNCLOS) so that Russia could stake a greater claim to the region's sea bed (a

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- 18. (SBU) Despite on-going efforts to renew U.S.-Russian relations, some Russian voices have called the situation in the Arctic a ""cold peace"" vis-a-vis NATO and the U.S. In April 2008, Russian Navy head Admiral Vladimir Vysotsky said, ""While in the Arctic there is peace and stability, however, one cannot exclude that in the future there will be a redistribution of power, up to armed intervention."" His statements preceded the July deployment of Russian Northern Fleet missile cruiser ""Marshall Ustinov"" and anti-submarine ships off the coast of Spitsbergen to coincide with fishing season, and the Russian submarine ""Ryazan's" September underwater transit of the Arctic ice sheet, a first since the end of the Cold War.
- 19. (SBU) Security Council Secretary Nikolay Patrushev in an interview published in the online media outlet Gazeta.ru March 30 also posited a zero-sum view of the Arctic, assessing that ""It is clear that (developments do) not coincide with the economic, geopolitical, and defense interests of Russia (in the Arctic) and is a systemic threat to its national security."" In a March 31 interview with Moscovskiy Komsomolets, he declared that ""there have been efforts to drive Russia out of the Arctic."" To counter these trends, he pointed to the creation of a new FSB coast guard force and calls for new coastal stations to protect Russian territory as outlined in Russia's new policy.
- 110. (SBU) Russia's senior Arctic official,
  Ambassador-At-Large Anton Vasiliyev and Foreign Minister
  Sergei Lavrov have made efforts to tamp down these more
  aggressive statements. Vasiliyev said in a April 21
  interview with Moscovskiy Komsomolets that ""Russia is far
  from having imperial ambitions such as wanting to seize the
  territory,"" and Lavrov in his April 29 Arctic Council
  ministerial address said that ""There can be no validity to
  the view of the Arctic as a zone of potential conflicts..."
  Patrushev's comments also clashed with Medvedev's January 29
  speech at FSB headquarters, where he told FSB officers and
  leadership that the service must ""concentrate efforts on
  creating a modernized coast guard, which is imperative for
  effectively intercepting trafficked ocean and biological

resources,"" not to address an armed conflict. Further, statements regarding the Arctic in the May 12 Russian National Security Strategy are limited to calling for investment in the ""formation of a basic transportation, energy, information, and military infrastructure..."" (Ref E).

111. (SBU) Russian commentator Stanislav Belkovskiy said in an interview with Svobodnaya Pressa on March 27, that the effort to create an FSB coast guard was ""intended to conceal the deterioration of the Russian Armed Forces" and was a pretext to secure greater appropriation for national defense. Belkovskiy's comment reflects the broader realities of Russian military reform and the difficulty in establishing new military units, while at the same time downsizing the officer corps and attempting to modernize the force (Ref F). Andrey Fedorov in a January 14 article in Kommersant, wrote that ""Confrontation (in the Arctic) will do no good. We would do best to agree to pool our efforts and set up joint structures to use the Arctic's natural resources.""

#### But No NATO

112. (SBU) While the Russian MFA has been more supportive of cooperation in the region, it bristles at NATO exercises or presence there. In his remarks at the Arctic Council, Lavrov underlined that there were no threats that required ""force-based solutions or a presence of military-political blocs in the region"" - Lavrov's clear reference to NATO and a possible Nordic security alliance (a concept proposed in a

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February 9 report commissioned by the five Nordic foreign ministries). These comments are routine for Russia, including a recent statement from MFA spokesman Andrei Nesterenko March 26, when he said that NATO's activity in the Arctic ""can result in erosion of the present constructive scheme of cooperation between coastal states,"" and will continue to serve as an irritant. Russian Ambassador to NATO Dmitriy Rogozin in a January 30 interview with Vesti-24 said that ""The twenty-first century will see a fight for resources, and Russia should not be defeated in this fight ... NATO has sensed where the wind comes from. It comes from the North.""

## Comment: Empowering Moderates

113. (C) The statements of the MFA and President Medvedev indicate that moderates have focused on the Arctic as a zone of cooperation. Our continued support of the Arctic Council and bilateral engagement on the Arctic (included in the proposed U.S.-Russia Action Plan), can help bolster the moderates and give incentives to the GOR to continue cooperation. Increased scientific cooperation, particularly on climate change, could increase trust and build confidence. Under the framework of either multilateral or bilateral cooperation, we can also offer to jointly develop navigation aids and port facilities, continue developing and sharing sea current and meteorological data, promote social development for indigenous peoples, and cooperate on emergency response and oil spill remediation -- all tasks that Medvedev charged the GOR with in his September 17, 2008 remarks, but will be difficult to fulfill without outside expertise.